

# LOS ANGELES COUNTY ECONOMIC FORECAST

Los Angeles County is the largest county-level economy in California, with over 10.3 million people, and 4 million wage and salary jobs. Employment growth in the services such as healthcare, information, and professional services remains strong. However, employment growth in manufacturing remains weak and the construction sector is forecast to slow.

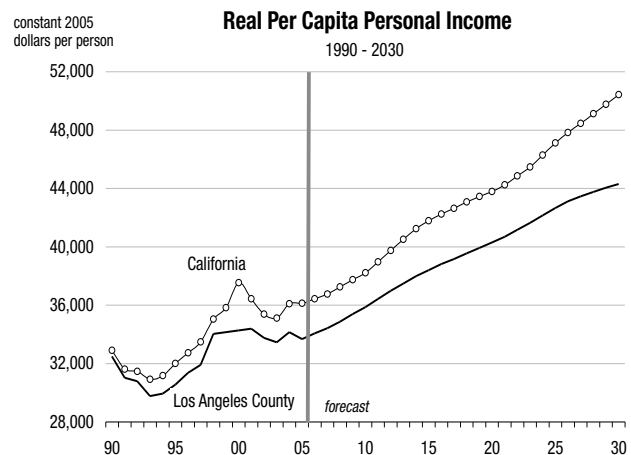
Economic growth in Southern California has been strong during the decade, but was even more impressive during 2005. Employment growth in Los Angeles County was marginal last year, but 2005 was the highest level of job creation since 2000. The county lost 91,000 jobs in 2002-2003. With positive job creation in 2004 and 2005, and assuming a modest rate of job creation this year and next, the earlier job losses will be erased by 2008. The unemployment rate fell to 5.3 percent in 2005, the lowest rate in over 15 years.

Northern Los Angeles County is the main growth engine of the county. In 2005, despite being just 5.5 percent of the total county population, North Los Angeles County accounted for 41 percent of net job creation, 26 percent of housing production and 18 percent of population growth in Los Angeles County. Traffic counts have increased significantly in the area.

The larger problem in Los Angeles County is the lack of new housing production. From 1997 to 2003, only one unit was built for every 8.3 new residents causing housing density to increase from 3.0 to 3.2 persons per unit. Population growth is expected to slow and housing production will continue to be underproduced. This will cause household densities to increase marginally over the forecast. As a consequence, housing prices continue to rise gradually for the foreseeable future. Furthermore, the lack of housing production continues to redistribute people and jobs out of Los Angeles County and into the Inland Empire.

## FORECAST HIGHLIGHTS

- Job growth increases in 2006, averaging 0.6 percent. Job growth averages 0.5 percent in 2007. Over the next five years, the average annual growth rate is 0.7 percent per year.
- Average salaries adjusted for inflation rise an average of 0.6 percent per year over the next 5 years. The growth of higher paying job creation will slow in Los Angeles County, relative to other areas of Southern California.
- The services sector remains the growth engine of jobs in Los Angeles County. Employment in health care and education is expected to grow by 6 percent between 2006 and 2010. Employment in professional and business services, information, and leisure services are all expected to grow by over 4 percent per year for the next five years.

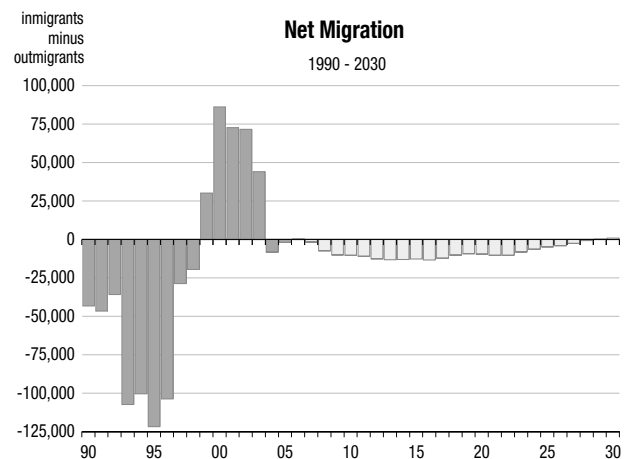
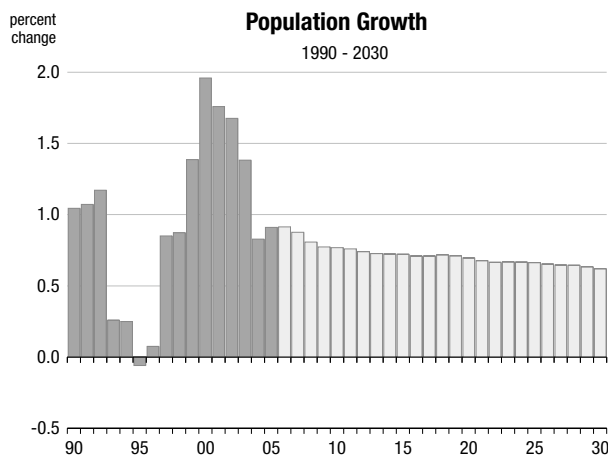


- Population growth declines over the forecast. Annual growth in the 2006 to 2010 period averages 0.8 percent per year. The slowdown in population growth is largely due to the forecast of negative net migration in Los Angeles County over the forecast horizon. The labor markets create enough jobs to accommodate the natural increase in population over time. Consequently, net migration will not be a factor in population growth.
- Real per capita incomes increase at a rate of 1.1 percent in 2006. An annual compound rate of growth of 1.3 percent over the next 5 years is forecast.
- Industrial production increased 1.7 percent in 2005. From 2006 to 2010 it is forecast to increase 1.3 percent per year.

# Los Angeles County Economic Forecast

## 1997-2005 History, 2006-2030 Forecast

	Population (people)	Net Migration (people)	Registered Vehicles (millions)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
1997	9,185,584	-28,693	5.81	3,067.2	10,424	\$86.4	\$232.4	\$31,912	1.7	315.1	70.1	6.9
1998	9,265,811	-19,477	6.13	3,074.5	11,692	\$90.2	\$253.5	\$34,031	1.4	330.0	75.6	6.6
1999	9,394,293	30,208	6.29	3,082.1	14,363	\$97.3	\$264.0	\$34,151	2.3	307.5	79.7	5.9
2000	9,578,420	86,189	6.52	3,133.8	17,071	\$106.7	\$279.0	\$34,275	3.3	315.5	85.4	5.4
2001	9,746,952	72,780	6.70	3,141.8	18,248	\$107.4	\$294.5	\$34,393	3.4	294.0	73.2	5.7
2002	9,910,334	71,623	7.01	3,154.9	19,364	\$108.8	\$302.1	\$33,764	2.8	305.6	73.9	6.8
2003	10,047,407	44,108	7.01	3,170.4	21,313	\$113.7	\$311.3	\$33,446	2.6	348.3	77.0	7.0
2004	10,130,668	-8,166	7.51	3,184.7	26,935	\$122.5	\$331.1	\$34,143	3.3	313.5	80.9	6.5
2005	10,223,055	-1,830	7.68	3,201.4	25,538	\$128.3	\$344.3	\$33,677	4.5	311.5	82.3	5.3
2006	10,316,535	468	7.84	3,216.4	25,842	\$137.5	\$363.8	\$34,058	3.5	309.7	84.2	5.5
2007	10,406,956	-1,608	8.00	3,237.3	26,236	\$145.0	\$381.4	\$34,420	2.8	308.1	85.2	5.9
2008	10,491,072	-7,309	8.17	3,258.5	25,930	\$153.5	\$401.5	\$34,854	3.1	306.5	86.1	5.3
2009	10,572,351	-9,909	8.34	3,279.4	24,461	\$162.2	\$423.3	\$35,390	3.0	305.0	86.8	4.9
2010	10,653,633	-10,320	8.51	3,299.1	23,877	\$171.5	\$446.3	\$35,864	3.2	303.6	87.8	4.6
2011	10,734,649	-10,844	8.69	3,318.4	21,603	\$180.9	\$470.7	\$36,420	3.1	302.3	90.0	4.6
2012	10,814,224	-12,451	8.86	3,335.8	21,700	\$190.2	\$495.4	\$36,981	2.9	301.1	92.8	4.9
2013	10,892,937	-13,093	9.03	3,353.4	21,724	\$200.0	\$520.8	\$37,479	3.0	299.9	95.7	5.2
2014	10,971,813	-12,991	9.19	3,370.9	20,372	\$210.1	\$547.6	\$37,991	3.0	298.8	98.4	5.5
2015	11,051,023	-12,635	9.35	3,387.3	20,343	\$221.0	\$575.6	\$38,402	3.2	297.8	100.7	5.8
2016	11,129,547	-13,231	9.50	3,403.8	20,295	\$232.5	\$605.4	\$38,817	3.3	296.8	102.8	6.2
2017	11,208,710	-12,154	9.64	3,420.2	20,132	\$244.6	\$635.7	\$39,159	3.4	295.9	104.8	6.6
2018	11,289,344	-10,178	9.76	3,436.4	21,250	\$256.9	\$667.2	\$39,544	3.2	295.1	107.5	6.8
2019	11,369,836	-9,255	9.88	3,453.6	21,284	\$270.0	\$700.1	\$39,924	3.2	294.3	109.7	6.8
2020	11,449,136	-9,557	9.98	3,470.7	20,858	\$283.2	\$733.9	\$40,298	3.1	293.5	111.7	6.6
2021	11,526,817	-10,347	10.08	3,487.6	21,524	\$297.2	\$769.0	\$40,682	3.1	292.8	113.1	6.5
2022	11,603,592	-10,309	10.17	3,505.0	21,369	\$312.0	\$808.1	\$41,161	3.2	292.1	113.3	6.4
2023	11,681,345	-8,060	10.26	3,522.2	21,655	\$327.1	\$848.5	\$41,635	3.1	291.5	112.8	6.4
2024	11,759,412	-6,348	10.34	3,539.7	21,372	\$342.7	\$890.2	\$42,144	3.0	290.9	110.6	6.4
2025	11,837,608	-4,773	10.43	3,556.9	21,269	\$359.6	\$934.4	\$42,653	3.0	290.3	107.9	6.4
2026	11,914,972	-4,035	10.51	3,574.1	20,950	\$377.4	\$979.7	\$43,109	3.1	289.8	107.3	6.4
2027	11,992,064	-2,556	10.58	3,591.0	21,121	\$395.9	\$1,025.1	\$43,459	3.1	289.3	106.5	6.4
2028	12,069,468	-646	10.64	3,608.1	20,975	\$415.6	\$1,073.6	\$43,765	3.3	288.8	106.9	6.4
2029	12,146,032	321	10.68	3,625.0	20,446	\$436.0	\$1,123.3	\$44,043	3.3	288.4	107.5	6.4
2030	12,221,497	905	10.73	3,641.5	20,367	\$456.8	\$1,174.1	\$44,313	3.2	288.0	107.8	6.3



# Los Angeles County Employment Forecast

## 1997-2005 History, 2006-2030 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
	-----employment (thousands of jobs)-----											
1997	3,872.0	6.98	110.6	638.3	160.8	583.6	215.0	558.3	214.6	386.3	326.9	536.3
1998	3,951.2	7.71	119.1	642.9	167.8	590.1	218.4	585.1	214.6	394.6	331.6	541.0
1999	4,010.2	7.32	126.9	624.3	172.2	598.3	221.0	585.0	236.2	401.8	335.8	561.6
2000	4,079.8	7.66	131.7	611.3	174.4	610.4	218.7	598.2	242.6	416.2	344.3	581.3
2001	4,082.0	8.41	136.8	577.9	175.6	614.2	228.9	588.0	226.3	432.2	348.5	598.3
2002	4,034.6	7.80	134.5	534.8	167.2	615.5	232.6	575.0	207.3	450.4	354.2	606.1
2003	3,990.8	7.84	134.6	500.0	161.5	613.4	239.8	559.9	202.3	460.4	362.6	599.3
2004	4,004.1	7.61	140.2	483.6	161.1	620.4	241.6	562.4	211.9	467.0	372.8	587.1
2005	4,024.1	7.49	148.2	470.4	161.9	630.8	243.7	571.5	209.6	469.7	377.4	583.8
2006	4,047.9	7.37	148.3	468.7	162.7	636.4	242.4	577.3	209.7	474.7	383.4	586.5
2007	4,070.1	7.28	149.0	464.6	163.2	641.8	242.4	581.6	210.8	479.8	388.6	590.1
2008	4,097.9	7.21	148.6	456.6	164.8	646.7	242.6	585.4	219.8	485.5	394.4	594.3
2009	4,129.3	7.15	148.1	449.8	167.0	655.1	242.3	590.0	227.5	491.8	399.6	597.7
2010	4,162.6	7.10	149.1	443.7	169.4	662.6	241.3	596.1	234.6	498.5	404.7	600.4
2011	4,200.6	7.06	150.8	440.3	171.8	669.3	240.9	603.8	240.8	505.5	410.3	603.3
2012	4,232.9	7.03	151.0	435.8	173.9	674.8	239.5	612.4	245.9	512.6	416.1	605.3
2013	4,261.6	6.99	150.8	430.3	175.8	678.7	239.4	620.8	249.9	519.8	421.9	606.7
2014	4,285.4	6.96	149.3	423.2	177.7	682.5	239.3	628.6	253.1	527.0	427.6	607.8
2015	4,305.0	6.93	147.7	415.0	179.5	685.9	238.4	635.5	255.7	534.3	433.3	608.7
2016	4,327.6	6.91	146.2	410.0	181.3	689.1	238.3	641.0	258.6	541.7	439.0	609.7
2017	4,349.1	6.89	144.5	404.6	183.1	692.3	238.1	645.8	261.5	549.2	444.6	610.9
2018	4,371.3	6.86	143.4	399.8	185.0	695.0	237.9	649.9	264.4	557.1	450.0	612.3
2019	4,394.0	6.84	142.5	394.5	187.1	698.6	238.4	654.0	266.7	565.3	454.8	613.4
2020	4,412.8	6.82	141.6	386.8	189.0	702.8	238.3	657.8	268.5	573.8	458.4	614.6
2021	4,434.6	6.81	140.3	382.1	190.9	707.4	238.1	661.6	270.6	582.6	461.8	615.9
2022	4,461.0	6.79	139.2	380.5	192.8	712.0	238.4	665.3	272.4	591.8	465.4	617.3
2023	4,487.3	6.77	138.8	378.5	194.8	716.2	238.2	669.0	274.5	601.3	468.9	618.8
2024	4,515.7	6.76	139.0	375.9	196.6	720.2	238.2	672.6	278.3	611.0	472.5	620.6
2025	4,546.3	6.75	139.8	374.2	198.3	724.4	238.0	676.2	282.9	620.7	476.1	622.6
2026	4,577.3	6.73	140.9	372.1	199.7	728.8	237.9	679.8	287.9	630.3	479.9	624.9
2027	4,606.9	6.72	141.9	369.4	201.0	733.1	237.6	683.5	292.6	639.8	483.5	627.4
2028	4,636.2	6.71	142.5	366.6	202.2	737.1	237.6	687.1	297.5	649.1	487.3	629.9
2029	4,664.1	6.70	142.8	363.8	203.4	740.8	237.5	690.5	301.7	658.3	491.3	632.6
2030	4,691.4	6.69	142.7	361.1	204.7	744.6	237.1	693.7	305.6	667.5	495.4	635.3

